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BY FACSIMILE TRANSMISSION TO (502) 564-3460 AND REGULAR MAIL

August 21, 2007

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

AUG 22 2007

**PUBLIC SERVICE
COMMISSION**

RE: Surcharge Interim Options

Dear Ms. O'Donnell:

I am writing on behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. ("CAC"), P.O. Box 11610, Lexington, Kentucky 40576, an interested stakeholder in matters pending before the Public Service Commission ("Commission"). For telephone, facsimile and e-mail information, please refer to the information appearing on my letterhead above.

I am writing on behalf of CAC to endorse the first option under consideration by the Commission in response to the ruling of the Franklin Circuit Court, entered August 1, 2007, in Civil Action No. 06-CI-00269. As we understand it, this option is to continue with the status quo in regard to outstanding surcharges, pending further orders of the Franklin Circuit Court or the Kentucky Court of Appeals. Given the potential for a substantial impact to the well-being of low-income ratepayers if certain programs were interrupted, CAC believes it is critical to maintain the status quo. CAC operates Home Energy Assistance (HEA) programs pursuant to explicit statutory authority and approval by the Commission in prior cases. Certainly, these programs should not be affected regardless of which course of action the Commission chooses. However other programs benefiting low-income ratepayers certainly might be affected if options two or three were chosen.

CAC certainly desires to be a part of the Legislative Task Force being created by the Commission and charged with addressing, through a legislative remedy, the problems presented by the decision. CAC's representative on such a Task Force would be Jack Burch, Executive Director.

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The second and third options presented by Commission staff at the meeting last Thursday, August 16, 2007, to either immediately adhere to the mandates of the decision in all cases, or to craft a position somewhere between the first and second options, has the potential to create a seriously adverse impact on the Commonwealth's low-income population. This would occur by possibly curtailing existing programs which make a difference in the ability of many families to afford their utility bills. This would be unacceptable to CAC. Furthermore, elimination of the fuel adjustment clause or the gas cost pass-through could have unintended consequences of raising rather than lowering consumers' bills. We believe this is why the Attorney General's representative stated that such a course of action might have "grave consequences."

Finally, this matter remains in the Court system and the ruling is not final. The representative of the utility involved in the case, Duke Energy, explicitly stated on August 16, 2007 that the Company intends to appeal the decision of the Franklin Circuit Court. Before the Commission takes any action on cases other than the case before the Franklin Circuit Court, the appeal should be allowed to be prosecuted to conclusion.

If you have any questions concerning this matter, please call me.

Sincerely yours,



Joe F. Childers

Cc: Jack Burch

JFC/tp

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FAX COVER SHEET

Total Number Of Pages
Including This Sheet3TO: Beth O'Donnell, Executive Director, Public Service CommissionFAX NO: (502) 564-3460FROM: Joe F. Childers, Esq.TELEPHONE NO.: (859) 259-1900, Ext. 36DATE: August 21, 2007

COMMENTS

Re: CAC / Surcharge Interim Options

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